



Department of Justice

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VIRGINIA-BASED COMPANY CHARGED WITH BID RIGGING **ON USAID CONSTRUCTION CONTRACTS IN EGYPT**

WASHINGTON, D.C. -- American International Contractors Inc. (AICI), an Arlington, Virginia company, pleaded guilty and was sentenced to pay a \$4.2 million fine for participating in a conspiracy to rig bids on construction contracts funded by the United States Agency for International Development (USAID) in the Arab Republic of Egypt, the Department of Justice and the U.S. Attorney's Office for the Northern District of Alabama announced today.

In a one-count felony case filed on August 11 in U.S. District Court in Birmingham, Alabama and unsealed today at sentencing, AICI was charged with participating in a conspiracy to suppress and eliminate competition by rigging bids in violation of the Sherman Act.

As part of its commitments under the Camp David Peace Accords, the U.S. has funded numerous construction contracts intended to foster stability and public health in the Middle East. The conspiracy charged in this case involves bid rigging on certain wastewater treatment facilities construction contracts from June 1988 until at least January 1995.

"Although the construction work that is the subject of this case was performed outside the U.S., the federal government paid the bill, and the American taxpayers were the victims of the scheme," said Joel I. Klein, Assistant Attorney General in charge of the Antitrust Division.

Today's case is the second to arise out of an ongoing investigation in the Northern District of Alabama conducted jointly by the Justice Department's Antitrust Division, Atlanta Field Office, and the

USAID, Office of Inspector General with additional investigative support provided by the Federal Bureau of Investigation. On August 18, 2000, Philipp Holzmann AG, a German construction company, pleaded guilty and was sentenced to pay a \$30 million fine for its participation in the conspiracy. Under its plea agreement with the government, AICI is cooperating with the investigation.

According to the charges, AICI, along with its co-conspirators carried out the conspiracy by:

- participating in meetings and conversations to discuss rigging bids on a USAID-funded contract;
- agreeing to reduce or eliminate competition on that contract;
- agreeing that AICI would accept payments in return for a commitment not to bid on the contract; and
- causing AICI to submit a "no bid" letter on the contract.

The USAID-funded contract that is the subject of this case totaled \$107 million. As a result of the conspiracy, AICI received a multi-million dollar payment for not bidding on the contract.

"It is essential that our taxpayers have confidence in the bidding process which can only come from ensuring open and fair competition," said Doug Jones, U.S. Attorney for the Northern District of Alabama.

The maximum penalty for a corporation convicted of violating Section 1 of the Sherman Act is a fine of \$10 million. The maximum fine may be increased to twice the gross pecuniary gain derived from the crime or twice the gross pecuniary loss caused to the victims of the crime, if either amount is greater than the statutory maximum fine.

Anyone with information concerning bid rigging on USAID-funded construction projects should contact the Antitrust Division's Atlanta Field Office at (404) 331-7100.

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